



Office of the Mayor

NEWS RELEASE

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Incentive offered for Century Center management firm

SOUTH BEND – A new contract with Global Spectrum for managing the Century Center outlines financial incentives based on the Philadelphia firm's ability to increase revenue at the city-owned convention center.

After three months of negotiation, the Century Center board of managers today unanimously approved a three-year contract with Philadelphia-based Global Spectrum to manage the 29-year-old Century Center. The contract, which became effective Jan. 1, includes an incentive that allows the firm to earn additional income if it increases overall Century Center revenue by targeted amounts.

"It's been said that a rising tide lifts all boats," said Mayor Stephen J. Luecke. "This agreement with Global Spectrum will help reinvigorate convention business in South Bend, attracting new tourism dollars that will have a ripple effect throughout our community."

Global Spectrum, a subsidiary of Comcast-Spectator of Philadelphia, is one of the world's largest sports and entertainment companies, which manages 20 convention centers throughout the country.

"This is an opportunity for us to move to the next level with the Century Center," said Vivian Sallie, president of the center's board of managers. "This is an opportunity for us to make it a meeting facility for all the community."

The contract specifies two tiers of incentives based on the firm's ability to generate additional operating revenue. In the first year, if Century Center revenue exceeds \$1,562,500, the firm will receive 20 percent of each dollar earned above that amount. If

revenue exceeds \$1,612,500, the firm will receive 30 percent of each dollar earned above that number. In 2006, Century Center received nearly \$1.48 million in operating revenue.

The firm can generate additional income in room and facility rental, catering and parking fees. The additional revenue targets do not include revenue routinely received by Century Center, such as the hotel-motel tax, rent from the South Bend Regional Museum of Art and other non-operating areas, according to Catherine Fanello, city controller.

The management firm's annual incentive can never exceed its annual fee for managing the 200,000-square-foot facility, according to Internal Revenue Service guidelines, Fanello said.

In 2007, for example, Global Spectrum could at most double its \$108,000 management fee by generating more than \$376,000 in additional revenue for the Century Center. Fanello termed the targets "a reasonable benchmark."

"The incentive fee is one of the reasons why we have Global Spectrum," said Carmen Piasecki, a board member who helped prepare the contract. "We would like for them to make more money because they are making us money."

The city will not calculate the incentive until it receives audited financial figures, Fanello said.

"I can't think of any city this size that has the intrigue, the excitement and the reputation that South Bend, Ind., does," said Brett C. Mitchell, regional vice president for Global Spectrum. "We see an opportunity ... to really increase sales."

Mitchell said Global Spectrum achieves targeted incentives for each of the facilities it manages, although not necessarily the maximum amount.

"We do have a terrific community. We sometimes get myopic because we're too close," said Kenneth Herceg, a member of the board of managers. "I believe these Global Spectrum folks are going to help us sell this gem to the rest of the world."

Global Spectrum (www.global-spectrum.com) is the fastest-growing firm in the public assembly facility management field with more than 65 facilities throughout the United States and Canada. The Philadelphia-based company is part of one of the world's largest sports and entertainment companies, Comcast-Spectacor, which also owns the Philadelphia Flyers of the National Hockey League; the Philadelphia 76ers of the National Basketball Association; the Philadelphia Phantoms of the American Hockey League; Flyers Skate Zone, a series of community ice skating rinks; Comcast SportsNet Philadelphia, a regional sports programming network; Ovations Food Services, a food and beverage services provider; New Era Tickets, a full-service ticketing and marketing product for public assembly facilities; Front Row Marketing Services, a commercial rights sales company; and 3601 Creative Group, a full-service in-house advertising agency. In a partnership with Disson Skating, Comcast-Spectacor annually produces 10 nationally televised figure skating spectacles on NBC.

Brian Hedman, longtime executive director, retired in March 2006, but remained as interim director. In October, the Century Center board of managers voted to pursue a

facility-management with Global Spectrum, which includes a new general manager, replacements for other key positions and enhanced marketing and sales plans. The firm named Kurt A. Brown as general manager.

In 2006, Century Center hosted more than 650 events with attendance in excess of 210,000.